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GENERAL GUIDELINES FOR FISCAL ACTIVITIES

PREFACE

In addition to establishing uniform accounting standards and policies, it is a goal of this committee to provide general information and other guidance to assist fiscal officers and other state employees relating to good practices or processes, or needed information that may not be readily available within the state. The purpose of this section of the Fiscal Policies Manual is to provide some general guidance and direction to other sources that may be helpful.

If there are other guidelines you would like to see included, please send them to the State Controller's Office, Division of Statewide Accounting, Fiscal Policies Advisory Committee, or contact Merideth Hackney (mhackney@sco.idaho.gov) or David Fulkerson (dfulkerson@dfm.idaho.gov).

CONTRACT MONITORING

One of the most overlooked functional areas of contract management is probably the most important. Monitoring contracts can reveal issues with performance and subsequent actions.

Monitoring must be done on a regular basis and with an eye toward outcomes. Each contract must have a metric that can be measured, e.g., reports, number of widgets, deliverables, etc. The contract must define what those metrics are.

If the metrics do not meet the acceptable standard as stated in the contract, the monitor should be working with the contractor on a corrective action plan. The abuse of contract terms or lack of deliverables should be stated in the contract and what corrective actions are expected.

Often corrective action plans include a penalty as a last resort. It is far easier to work with the contractor before an issue gets out of hand than it is to effectively impose a penalty and possible legal action. If a penalty is warranted it must be worth it. As the contract is drafted, pay particular attention to how to justify and define a penalty.

Documentation is the key to proper monitoring. Without it, penalties cannot be imposed effectively. Documentation will also bring issues to light sooner and may limit the agency's liability if something goes wrong.

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EMPLOYEE EDUCATIONAL EXPENSE REIMBURSEMENT

Each agency is responsible for establishing policies and procedures related to the payment of educational expenses, if the agency determines such policies and procedures are in its interest. You may contact other state agencies for examples of such policies. When developing your policy, it is recommended you consider the following:

- IRS Rules and Regulations, taxability of the payment. (See IRS publication 970, Publication 15-B.
- Payback provision.
- Agreed service commitment.
- How the additional education for the employee will benefit your agency.
- If the employee must pay the costs, then request reimbursement or the agency will pay in advance, or a combination of the two.
- What portion will be reimbursed?
- Will ancillary costs be reimbursed (e.g. books, parking fees, lodging, per diem, etc.)? If so, does the agency retain ownership?
- Is successful completion required for payment? If so, define what 'successful completion' is. What documentation supports successful completion?
- What supporting documentation is required for payment?
- Is there a maximum to be paid within a period of time or for an employee?
- Eligibility.
- Areas of study that qualify.
- Acceptable schools and courses.
- Leaves of absence for educational purposes.
- Use of state time and resources for the class and homework.
- Application or approval procedure.
- When benefits end.
- Is the policy creating a granted right to employees that will cause a financial hardship to the agency?
- Funding availability at the time of request.
- Does the policy include conferences, seminars or similar programs?
- Are graduate or postgraduate studies covered?

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- Include a letter of agreement signed by the employee.
- What if other financial assistance is available to the employee?

It has been determined that all educational assistance costs being reimbursed to state employees are taxable unless the reimbursement meets the "Working Condition Benefit" definition described in [IRS publication 15-B, Employer's Guide to Fringe Benefits](#), which states:

Certain job-related education you provide to an employee may qualify for exclusion as a working condition benefit. To qualify, the education must meet the same requirements that would apply for determining whether the employee could deduct the expenses had the employee paid the expenses. The education must meet at least one of the following tests.

- The education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer.
- The education maintains or improves skills needed in the job.

However, even if the education meets one or both of the above tests, it is not qualifying education if it:

- Is needed to meet the minimum educational requirements of the employee's present trade or business, or
- Is part of a program of study that will qualify the employee for a new trade or business.

In order to comply with the IRS regulations regarding 'taxable' educational expenses, a new payroll earnings code 'TTR - Taxable Tuition' and STARS subobject code '5073' was created to allow agencies to reimburse their employees for educational assistance via payroll processing.

NOTE: To ensure accurate taxing of all '**taxable educational assistance reimbursements**', they must be made through the payroll system and cannot be entered directly into STARS.

Once the 'TTR' earnings and lump sum amount is processed through payroll, a payment will be made to the employee (less applicable taxes and deductions) and then payroll will automatically forward the appropriate amount and coding via payroll labor distribution files to STARS for posting to the new expenditure sub-object code 5073 with the regular payroll transaction code of 326.

No changes have been made to the processing of all '**non taxable reimbursements**'. They should continue to be coded with sub-object 5070 and processed directly through STARS. This includes registration for Conferences and Seminars.

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If you have questions or need help determining if an educational expense meets the working condition benefit definition or not, please review the IRS publications and guidelines or contact the IRS. If you have questions about how to process a reimbursement for educational expenses, please call Leslie Mickelsen at 208-334-2394.

ITEMS OF EMPLOYEE CONVENIENCE

Idaho Code does not specifically prohibit state agencies from purchasing items of employee convenience. Agency management is responsible for determining the necessity of these items in each particular workplace setting and for considering the effect these items have on employee workflow and morale. Agency management must adhere to reasonable, conservative, and prudent decision-making when selecting the kind, type, or model of items purchased for employee convenience.

For this guideline, items of employee convenience are defined as equipment and furniture that are not specifically required to meet the entity's mission, but are usual and customary items used by employees during meal breaks and rest periods during the work day.

Some examples of items of employee convenience include: refrigerator, microwave, stove, coffeemaker, break room furniture (e.g., chairs, tables, couches, etc.).

Consumables, such as coffee supplies, bottled water service, and other items specifically for employee consumption, are not allowable under this guideline.

Equipment and furniture related to employee entertainment, fitness, or education are specifically excluded from this guideline.

CASH MANAGEMENT

Refer to the [Government Finance Officers Association \(GFOA\) Web site](#) which includes "[Recommended Practices](#)" for cash management, accounting, auditing, and financial reporting, budget and fiscal policy, economic development and capital planning, retirement benefits and administration.

REPORTING FRAUD

Many agencies have fraud reporting mechanisms for various programs. However, depending upon the situation, it may not be clear to whom the fraud should be reported. If you encounter an instance of fraud, after you have informed your appropriate management, contact [the Attorney General's office](#), 208-334-2400. Property crimes should be reported to local police.

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